

# EXHIBIT

# A



**COMMONWEALTH CASINO COMMISSION**

Commonwealth of the Northern Mariana Islands

P.O. Box 500237

Saipan, MP 96950

Tel: 1 (670) 233-1857/58

Fax: 1 (670) 233-1856

Email: [info@cnmicasinocommission.com](mailto:info@cnmicasinocommission.com)



Edward Manibusan  
Attorney General  
Michael Ernest F0317  
Assistant Attorney General  
Hon Juan A. Sablan Mem. Bldg., 2<sup>nd</sup> Floor  
Capitol Hill  
Caller Box 10007 Saipan, MP 96950  
Tel: (670) 237-7500 Fax: (670) 664-2349



**BEFORE THE COMMONWEALTH CASINO COMMISSION**

**ANDREW YEOM, in his official  
capacity as Executive Director  
(Acting) of the Commonwealth Casino  
Commission,**

**DEI # 20-022(i)**

**COMPLAINT NO. 20-005**

**Petitioner,**

**v.**

**COMPLAINT**

**IMPERIAL PACIFIC INTERNATIONAL  
(CNMI) LLC**

**Defendant.**

**COMES NOW**, the Plaintiff-Petitioner, Andrew Yeom, in his official capacity as Executive Director (Acting) (the "Executive Director") of the Commonwealth Casino Commission (the "CCC"), by and through undersigned counsel, and alleges as follows:

**JURISDICTION**

1. The Commonwealth Casino Commission has jurisdiction over the Executive Director's claims pursuant to 4 CMC §2314(a) and §175-10.1-1501 et seq.

**PARTIES**

2. Petitioner Andrew Yeom is the Executive Director (Acting) of the

1 Commonwealth Casino Commission "(CCC").

2 3. Imperial Pacific International (CNMI) LLC is a corporation or otherwise  
3 limited liability company organized under the laws of the Commonwealth of the Northern  
4 Mariana Islands.  
5

6 **FACTS**

7 4. Imperial Pacific is required by Commonwealth law, the casino license  
8 agreement, and the regulations promulgated by the Commonwealth Casino Commission,  
9 to pay an annual regulatory fee.  
10

11 5. Title 4 section 2309(a) reads:

12 "Casino Regulatory Fee. There is established a casino regulatory fee, which is an  
13 annual fee due on or before October 1 of each year beginning October 1, 2015.  
14 The casino regulatory fee is the only fee payable by the exclusive casino licensee  
15 to the Commission and will cover costs, including but not limited to, those  
16 associated with the licensing, testing, certification, auditing and approval of all  
17 casino slots and other gaming machines, casino table games and all other casino  
18 gaming activities conducted by the exclusive casino licensee at the licensed  
19 casino and regulated by the Commission as well as the costs of all applications,  
20 including their review, renewal and all related investigations, for licensing or permit  
21 or consent for casino employee licenses, casino key employee licenses. The  
22 casino regulatory fee is due regardless of actual costs incurred by the  
23 Commission."  
24  
25

26 6. Per Commonwealth law, the regulatory fee is due on or before October 1 of  
27 every year.  
28

1           7.     Respondent has paid this fee each year it has been required prior to 2020.

2           8.     Per Commonwealth law, the regulatory fee for the year beginning October  
3 1, 2020 through September 30, 2021 was due on or before October 1, 2020.

4           9.     Title 4 section 2309(b) reads:

5           “Calculation of casino regulatory fee: The casino regulatory fee will be a flat fee at  
6 a fixed rate of \$3 million annually with a five percent (5%) increase every five years  
7 for the following twenty years. After the twentieth year, the maximum Casino  
8 Regulatory Fee will be reached and maintained for the remaining duration until the  
9 end of the exclusive casino license term, including all extensions of the casino  
10 license.”

11           10.    Per Commonwealth law, the casino regulatory fee due on or before October  
12 1, 2020 was at least 3 million dollars (\$3,000,000).

13           11.    Per Commonwealth law, the casino regulatory fee due on or before October  
14 1, 2020 was Three Million One Hundred Fifty Dollars (\$3,150,000.00).

15           12.    On information and belief, the casino licensee did not pay the required  
16 casino regulatory fee in whole on or before October 1, 2020.

17           13.    On information and belief, the casino licensee did not pay the required  
18 casino regulatory fee in part on or before October 1, 2020.

19           14.    Per Section 17 of the casino license agreement, the casino licensee is  
20 contingent upon the licensee’s “compliance with applicable laws, rules and regulations of  
21 the Commonwealth and the United States.”

22           15.    Section 2314 of Title Four of the Commonwealth Code lists some of the  
23 responsibilities of the Commonwealth Casino Commission.  
24  
25  
26  
27  
28

1        16. One of the Commission's statutory responsibilities is to promulgate  
2 regulations which provide for "[s]upervision, monitoring and investigation or other means  
3 to ensure the suitability and compliance with the legal, statutory and contractual  
4 obligations of owners, operators, and employees of casinos and other persons licensed  
5 under" the gaming act.  
6

7        17. Payment of the regulatory fee is a legal obligation of Imperial Pacific.

8        18. Imperial Pacific has a statutory obligation to pay the regulatory fee.

9        19. Imperial Pacific has a statutory obligation to pay the regulatory fee in full.  
10

11        20. Imperial Pacific has a statutory obligation to pay the regulatory fee on the  
12 date it is due.

13        21. Imperial Pacific has a statutory obligation to pay the regulatory fee in full on  
14 the date it is due.

15        22. Imperial Pacific has a contractual obligation to pay the regulatory fee.

16        23. Imperial Pacific has a contractual obligation to pay the regulatory fee in full.  
17

18        24. Imperial Pacific has a contractual obligation to pay the regulatory fee on the  
19 date it is due.

20        25. Imperial Pacific has a contractual obligation to pay the regulatory fee in full  
21 on the date it is due.

22        26. The Commission promulgated regulation §175-10.1-1225(b) which requires  
23 payment of the annual regulatory fee. It states:  
24

25        "Calculation of casino regulatory fee: The casino regulatory fee will be a flat fee at  
26 a fixed rate of three million dollars annually with a 5% increase every five years for  
27 the following twenty years. After the twentieth year, the maximum casino  
28

1 regulatory fee will be reached and maintained for the remaining duration until the  
2 end of the exclusive casino license term, including all extensions of the casino  
3 license.”

4  
5 27. In or about August, 2019, the then-Executive Director caused to be filed an  
6 action (19-001) for the untimely payment of the annual license fee.

7 28. The parties entered into a stipulated resolution of that enforcement action.  
8 In that stipulated resolution, IPI agreed that it would “ensure that all required fee  
9 payments are timely made as required by applicable Commonwealth law, regulation, or  
10 otherwise.”

11  
12 29. The stipulated agreement was confirmed by the Commission in a public  
13 meeting on or about September 26, 2019 in Commission Order 2019-004 which included  
14 the language “IT IS HEREBY FURTHER ORDERED that the casino licensee, shall ensure  
15 that all required fee payments are timely made as required by applicable Commonwealth  
16 laws, regulations, or otherwise.” The Order was published in the Commonwealth Register  
17 on or about October 28, 2019 in Volume 41 Number 10 pages 042822-042823.

18  
19 30. On information and belief, the regulatory fee was not paid in full for more  
20 than twelve hours from the time it was due. Also on information and belief, the regulatory  
21 fee has not been paid in full as of the filing of this Complaint.

22  
23 **FIRST CLAIM**  
24 **VIOLATION of 4 CMC 2309(b) BY RESPONDENT IMPERIAL PACIFIC**  
25 **INTERNATIONAL (CNMI) LLC PUNISHABLE BY §175-10.1-2540(c)**

26 31. Petitioner incorporates herein by reference paragraphs 1-30 as hereinabove  
27 alleged as if set forth here in full.  
28

1       32. Imperial Pacific is the casino licensee for casino gaming in the Third  
2 Senatorial District contemplated by the gaming act.

3       33. Section 2309 of Title Four of the Commonwealth Code requires the holder of  
4 the license to pay the regulatory fee. It must be paid on or before October 1 of each year  
5 beginning October 1, 2015.  
6

7       34. October 1, 2020 occurs chronologically after October 1, 2015.

8       35. Payment of the annual regulatory fee for the seventh was due on or before  
9 October 1, 2020.  
10

11       36. Imperial Pacific failed to pay the required amount in full on or before October  
12 1, 2020.

13       37. On information and belief, by failing to pay the regulatory fee when due,  
14 Imperial Pacific violated 4 CMC §2309.  
15

16       38. The violation of a commonwealth statute is an offense which subjects the  
17 casino licensee to discipline pursuant to §175-10.1-2510(a).

18       39. The above actions and omissions which were, on information and belief,  
19 committed by Respondent Imperial Pacific International (CNMI) LLC are actions or  
20 inactions which are inimical to the public health, safety, morals, good order and general  
21 welfare of the people of the Commonwealth, or that would reflect or tend to reflect discredit  
22 upon the Commonwealth or the gaming industry, and the Commonwealth is damaged  
23 thereby.  
24

25       40. The failure to timely pay the amount required by 4 CMC §2309 for more than  
26 twelve hours is a major violation of the Commission's regulations, 4 CMC §2540(c), and  
27  
28

1 should be penalized as a major violation. Each day the fee went unpaid is a separate  
2 violation.

3  
4 **SECOND CLAIM**  
5 **VIOLATION of §175-10.1-1225 BY RESPONDENT IMPERIAL PACIFIC**  
6 **INTERNATIONAL (CNMI) LLC PUNISHABLE BY §175-10.1-2540(c)**

7 41. Petitioner incorporates herein by reference paragraphs 1-40 as hereinabove  
8 alleged as if set forth here in full.

9 42. Regulation §175-10.1-1225(b) reads:

10 "Calculation of casino regulatory fee: The casino regulatory fee will be a flat fee at  
11 a fixed rate of \$3 million annually with a five percent (5%) increase every five years  
12 for the following twenty years. After the twentieth year, the maximum Casino  
13 Regulatory Fee will be reached and maintained for the remaining duration until the  
14 end of the exclusive casino license term, including all extensions of the casino  
15 license."  
16

17 43. Regulation 1225(b) requires the licensee to pay the regulatory fee annually.

18 44. On information and belief, Imperial Pacific did not pay the required annual  
19 regulatory fee in full as of the filing of this Complaint.

20 45. On information and belief, by failing to pay the annual regulatory fee when  
21 due, Imperial Pacific violated §175-10.1-1225.

22 46. The violation of a regulation is an offense which subjects the casino licensee  
23 to discipline pursuant to §175-10.1-2510(a).  
24

25 47. The above actions and omissions which were, on information and belief,  
26 committed by Respondent Imperial Pacific International (CNMI) LLC are actions or  
27 inactions which are inimical to the public health, safety, morals, good order and general  
28

1 welfare of the people of the Commonwealth, or that would reflect or tend to reflect discredit  
 2 upon the Commonwealth or the gaming industry, and the Commonwealth was damaged  
 3 thereby.

4  
 5 48. The failure to timely pay the amount required by 4 CMC §2309 for more than  
 6 twelve hours is a major violation of the Commission's regulations, 4 CMC §2540(c), and  
 7 should be penalized as a major violation. Each day of nonpayment is a separate violation.

8  
 9 **THIRD CLAIM**  
**VIOLATION of §175-10.1-1805(b)(15) (BREACHING A CONTRACT) BY**  
**RESPONDENT IMPERIAL PACIFIC INTERNATIONAL (CNMI) LLC PUNISHABLE BY**  
 10 **§175-10.1-1805(a) and §175-10.1-2510(a)**

11 49. Plaintiff realleges and incorporates by reference paragraphs 1 through 48 of  
 12 the Complaint as if alleged in full.

13 50. On information and belief, Respondent IPI entered into the Stipulated  
 14 Agreement in Action 19-001 as a bargained for exchange of good and valuable  
 15 consideration.

16  
 17 51. The Stipulated Agreement is a valid and enforceable agreement between  
 18 IPI and the Executive Director; the Casino License Agreement is an enforceable  
 19 agreement between IPI and the CNMI.

20 52. On information and belief, Defendant IPI has materially breached the terms  
 21 of the Stipulated Agreement and the Casino License Agreement by failing to make  
 22 required timely payment in full of the casino regulatory fee.

23  
 24 53. The Commonwealth has suffered damages as a result of Defendant IPI's  
 25 breach of the Stipulated Agreement and the Casino License Agreement.

1       54. Regulation §175-10.1-1805(b)(15) states that "breaching any contract" is an  
2 unsuitable method of operation which is grounds for disciplinary action pursuant to  
3 Regulation §175-10.1-1805(a).

4  
5       55. The Stipulated Agreement and the Casino License Agreement are each  
6 contracts as contemplated by Regulation §175-10.1-1805(b)(15).

7       56. Defendant IPI's material breach of the Stipulated Agreement and the Casino  
8 License Agreement constitutes breaches of a contract as those terms are used in  
9 Regulation §175-10.1-1805(b)(15), and the Commonwealth has been damaged because of  
10 IPI's material breaches of contract.

11  
12       57. The actions described above violated §175-10.1-1805(b)(15).

13       58. The above actions which were, on information and belief, committed by  
14 Respondent Imperial Pacific International (CNMI) LLC are actions or inactions which are  
15 inimical to the public health, safety, morals, good order and general welfare of the people  
16 of the Commonwealth, or that would reflect or tend to reflect discredit upon the  
17 Commonwealth or the gaming industry, and the Commonwealth was damaged thereby.

18  
19                   **FOURTH CLAIM**  
20                   **DECLARATORY ORDER**

21       59. Petitioner incorporates herein by reference paragraphs 1-58 as hereinabove  
22 alleged as if set forth here in full.

23       60. Petitioner seeks an Order from the Commission declaring that IPI's failure to  
24 pay the casino regulatory fee in full when due amounts to an unsuitable method of  
25 operation per §175-10.1-1805(b)(15) or §175-10.1-1805(a), or otherwise, and requiring IPI  
26 to pay the casino regulatory fee immediately upon the effective date of the Commission's  
27 Order.  
28

### **SELF-REPORTING DETERMINATION**

61. Petitioner incorporates herein by reference paragraphs 1-60 as hereinabove alleged as if set forth here in full.

62. Regulation §175-10.1-2530 is entitled "Self-reporting Determination". It reads: "The Commission, the Executive Director, or the hearing examiner, as the case may be, shall determine whether the licensee immediately, promptly or belatedly self-reported the offense (and the facts giving rise thereto) to the Commission, or whether the licensee failed to report the offense in a timely manner or at all."

63. On information and belief, Respondent Imperial Pacific International (CNMI) LLC did not immediately report the facts resulting in the above-alleged violations. IPI did notify the Commission that it would be unable to pay the fee when it was required; however, IPI did not affirmatively inform the CCC in writing after the date for payment had passed that it did not so pay as no such writing was received prior to the filing of this Complaint.

### **DETERMINATION OF OFFENSE LEVEL**

64. Petitioner incorporates herein by reference paragraphs 1-63 as hereinabove alleged as if set forth here in full.

65. The offense alleged in Count One of this Complaint is listed in §175-10.1-2540(c) such that a determination of offense level need not be made pursuant to §175-10.1-2535(a).

66. Petitioner Executive Director alleges that the violation alleged in Count One of this Complaint is a Major Offense pursuant to §175-10.1-2540 or otherwise.

1       67. The offense alleged in Count Two of this Complaint is listed in §175-10.1-  
2 2540(c) such that a determination of offense level need not be made pursuant to §175-  
3 10.1-2535(a).

4  
5       68. Petitioner Executive Director alleges that the violation alleged in Count Two  
6 of this Complaint is a Major Offense pursuant to §175-10.1-2540(c).

7       69. For each offense not listed in §175-10.1-2540, the Commission, the  
8 Executive Director, or the hearing examiner, as the case may be, shall determine whether  
9 the offense should be penalized as a minor offense, an intermediate offense, or a major  
10 offense and impose the penalty permitted by § 175-10.1-2545.

11  
12       70. On information and belief, the offense alleged in Claim Three is not listed in  
13 §175-10.1-2540.

14       71. Petitioner Executive Director alleges that the violation listed in Claim Three is  
15 a Major Offense.

16  
17       72. In alleging that the violation listed in Claim Three is a Major Offense, the  
18 Executive Director considered the totality of the circumstances as he believed them to be,  
19 including but not limited to: whether the offense was an act of commission or omission; the  
20 self-reporting determination required by §175-10.1-2130; whether the licensee promptly  
21 accepted responsibility for the offense; whether the licensee has committed any previous  
22 offenses in the Commonwealth; whether the licensee has committed any previous offenses  
23 in any other jurisdiction; the relative harm suffered by the Commonwealth; the relative  
24 harm suffered by the gaming industry generally; and any other aggravating or mitigating  
25 factor deemed relevant.  
26  
27  
28

1       73. The Executive Director considered the totality of the circumstances as he  
2 believed them to exist.

3       74. The Executive Director alleges that the violation in Claim Three was an act of  
4 omission.

5       75. The Executive Director alleges that the Respondent Imperial Pacific  
6 International (CNMI) LLC did not self-report the violation.

7       76. The Executive Director alleges that Respondent IPI has not accepted  
8 responsibility for the conduct underlying the offense.

9       77. The Executive Director does not allege IPI has previous violations of  
10 Commonwealth law which have been fully adjudicated, though the Executive Director  
11 alleges that the Commission is presently hearing other enforcement actions which allege  
12 various violations.

13       78. The Executive Director considered and alleges, on information and belief,  
14 aggravating factors that violating duties specifically required by law, regulation, and  
15 contract by a casino licensee is extremely deleterious to the image of gaming in the CNMI.

16       79. The Executive Director considered mitigating factors that IPI's business was  
17 harmed by the Coronavirus pandemic.

18       80. The Executive Director alleges the relative harm suffered by the  
19 Commonwealth to be great in that the public's confidence in general and the gaming public  
20 specifically, is greatly harmed when the licensee violates law and regulations, and  
21 breaches contracts.

22       81. The Executive Director alleges the relative harm suffered by the gaming  
23 industry generally to be minor to moderate.

## PENALTIES

86. The Executive Director alleges that the violations herein warrant a suspension of the casino license until such time as the regulatory fee is fully paid.

1        87. The Executive Director alleges that the violations herein also warrant a  
 2 payment of \$50,000 per violation per day the fee went unpaid for each of the violations  
 3 alleged in Counts One and Two and Three.  
 4

5                                    **LEAVE TO AMEND**

6        88. On information and belief, discovery in this matter may lead to new or  
 7 previously unconsidered or discounted information which would require amendment of this  
 8 Complaint. Accordingly, the Executive Director hereby requests and reserves the right to  
 9 amend this Complaint as circumstances warrant.  
 10

11                                    **PRAYER FOR RELIEF**

12        WHEREFORE, Plaintiff Executive Director requests the following:

13                    A. That the Commission finds and declares that Respondent Imperial  
 14 Pacific International (CNMI) LLC committed the violations alleged in this Complaint and  
 15 that the Commission finds and declares that Respondent Imperial Pacific International  
 16 (CNMI) did not immediately self-report to the Commonwealth Casino Commission the  
 17 facts which gave rise to the violation(s) prior to being contacted by the Commission's  
 18 enforcement staff, and the Commission grants the Declaratory relief requested in Count  
 19 Four;  
 20

21                    B. That the Commission declares that the violations committed by  
 22 Respondent Imperial Pacific International (CNMI) LLC: in Counts One and Two and  
 23 Three were major violations pursuant to CCC Regulation;  
 24

25                    C. That the Commission finds, declares and Orders that Respondent  
 26 Imperial Pacific International (CNMI) LLC's license to conduct gaming operations in the  
 27 Third Senatorial District be suspended until such time as the annual casino regulatory fee  
 28

1 is paid in full;

2 D. That the Commission Orders Respondent Imperial Pacific International  
3 (CNMI) LLC to pay a fine of \$50,000 per violation per day the regulatory fee went unpaid  
4 for the major violations alleged in Counts One and Two and Three.  
5

6 E. Such other or further relief as the Commission may deem just and  
7 proper under the circumstances.

8 DATED this 6<sup>th</sup> day of October, 2020.

9  
10 

11 Michael L. Ernest, F0317  
12 Assistant Attorney General  
13 Attorney for Andrew Yeom  
14 Executive Director (Acting)  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28